



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF JUNE 25, 2021

The meeting of the Board of Pension Trustees was called to order by Nancy Shevock at 9:01 a.m. via-video conferencing.

Trustees Present

Nancy Shevock
Rick Geisenberger
Harold Stafford
Tom Shaw

Trustees Absent

Suzanne Grant
Art Agra
Cerron Cade

Others Present

Joanna Adams, Pension Administrator
Jodie Wedel, Deputy Pension Administrator
Ann Marie Johnson, Deputy Attorney General
Ryan Connell, Deputy Attorney General
Jamie Mayan, Pension Office
Josh Hitchens, Pension Office
Khairat Makanjuola, Pension Office
Stephenie Tatman, Pension Office
Cindy Starr, Pension Office
Mary Wood, Pension Office
Rob Gooderham, Windmark
Garry Musto, Windmark
Drew Dinger, Windmark
Danny Zito, Windmark
Kevin Balaod, Fundmap

OPENING COMMENTS

N. Shevock welcomed everyone to the meeting.

2. APPROVAL OF THE MINUTES

The Trustees reviewed the Public Minutes of the May 21, 2021 meeting.

MOTION made by H. Stafford and seconded by R. Geisenberger to approve the Public Minutes of the May 21, 2021 Board of Pension Trustees' meeting with changes as noted.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the May 21, 2021 meeting.

MOTION made by T. Shaw and seconded by H. Stafford to approve the Executive Minutes of the May 21, 2021 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. AUDIT COMMITTEE UPDATE

The next meeting is July 23rd.

4. GOVERNANCE COMMITTEE UPDATE

The next meeting is August 18th.

5. PENSION ADVISORY COUNCIL UPDATE

Nothing to report.

6. PENSION ADMINISTRATOR UPDATE

Employee Recognition

Ms. Adams reported DPERS has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. This is the highest form of recognition in the area of governmental accounting and financial reporting. This award for FY20 marks at least the twenty-fifth consecutive year that the system has received this award for the Comprehensive Annual Financial Report. Kudos to the Investments and Accounting team.

Ms. Adams also wanted to recognize two employees: Mary Wood and Joi Vanderhei. Mary and Joi have been assigned to start up a Call Center. The first step in the process includes working the front desk to see what type of calls are coming in to create call handling procedures for the various types. Their vast knowledge of so many things in the Pension offices helps them assist calls without forwarding them which has made a huge difference in the number of calls to sections like Payroll and Benefits. The managers of Payroll and Benefits nominated them for the positive impact they have directly had on their sections and the increased productivity as a result.

Positions

Ms. Adams reported the State Accountant II position has been filled by a transfer from DNREC. The Administrative Assistant II and the Office Manager position will be reclassified. This process may take a few months, and the HRIS III is vacant because of an in-office promotion and has been posted. There are four Human Resources Specialist I positions – one is a Limited Term – and interviews are scheduled for next week. The Human Resources Specialist III has been posted.

Office Activities

Ms. Adams reported there are two employer classes. The monthly Payroll and HR class in addition to the Pen-App training for County/Municipal Police and Firefighters. She also reported the virtual Pre-Retirement Training continues to be successful with our last workshop having over 300 people in attendance.

Reporting Schedule

Ms. Adams stated that nothing has changed, but the meeting dates have been updated.

Legislation

Ms. Adams reported on Senate Bill 74. This Act relates to the police and fire pension fund provisions of Chapter 7, Title 18 of the Delaware Code. The Act clarifies that an eligible retiree must be alive on July 1 of each biennial payout year in order to receive the payment provided for in Section 708 of Chapter 7. SB 74 was passed by the Senate and was recently out of committee with the House.

Ms. Adams also noted House Bill 79. This Act provides that the amount of ordinary or disability pension payable to a 9-1-1 operator includes 2.45% of the 9-1-1 operator's final average compensation multiplied by years of service above 25 years, the same multiplier as applied to correctional officers and specified peace officers. This bill has passed the House and the Senate, and is going to the Governor for signature.

She also noted that HB 80 is an act to amend Title 29 of the Delaware Code relating to the State Employees' Pension Plan. The bill changes the multiplier for correctional officers. This Bill has passed the House and the Senate and is going to the Governor for signature.

Senate Bill 14. This bill provides a mechanism to grant pension increases to retired State Employees, retired Judges, and retired “New” State police. This bill dedicates a minimum of 3.0% of payroll to be deposited annually to the Post Retirement Fund. The bill also provides for biennial pension increases beginning July 1, 2021 which increases the unfunded liability by \$1 billion. This legislation has not been released out of committee.

Ms. Adams wanted to bring to the Boards attention, Senate Bill 94, which will allow for virtual public meetings after the State of Emergency ends. Per 29 Del. C. §8308(o) the use of teleconferencing or videoconferencing is authorized for use in conducting meetings of the Board and its committees, including for the purposes of obtaining quorum and voting.

In addition, Ms. Adams shared House Bill 248 which requires the State to reimburse healthcare expenses incurred by eligible pensioner spouses on Medicare who are required to enroll in their former employer’s healthcare coverage. This legislation falls under the administration of Statewide Benefits Office but could have a significant impact to the operations of the Office of Pensions.

7. DEPUTY ATTORNEY GENERAL UPDATE

Ms. Johnson reported that she and Mr. Connell have been virtually attending the NAPPA Conference. Some of the topics discussed.

- China exit order impact
- Data issues
- More disability claims due to COVID

Mr. Connell reported the Goldman Sachs case was remanded.

8. INVESTMENT COMMITTEE UPDATE

Mr. Gooderham reported that global equity markets continued to move higher in May as generally positive economic data, strong corporate earnings growth and progress in vaccination programs offset some worries about rising inflation. The broad US equity market, as measured by the Russell 3000 index, gained 0.5%. Within US equities, value outperformed growth stocks and small cap outpaced large cap. International equity performance was boosted by a weaker US dollar and outperformed as the MSCI EAFE index gained 3.3% and the MSCI Emerging Markets index advanced 2.3%. Fixed income markets also provided positive performance as interest rates declined modestly and credit spreads narrowed. For the month, the broad Bloomberg Barclays Universal index advanced 0.4% and the more credit-sensitive Bloomberg Barclays High Yield index gained 0.3%.

Mr. Gooderham reported that DPERS Fund assets are estimated to be \$14,509.0 million at May 31st, 2021, representing a net increase of \$394.8 million during the month. Estimated returns through May 31st, 2021 are as follows:

	Month Ended 05-31-21	Calendar YTD 05-31-21	Fiscal YTD 05-31-2021	1 Year Ended 05-31-21
Total Fund	3.1	14.1	36.8	39.7
DPERS Policy Benchmark**	1.0	7.3	24.3	27.0
S&P 500 Index	0.7	12.6	37.6	40.3

** Benchmark mix: 46% Russell 3000 Index, 24% MSCI ACWI ex US IMI (Net), 27.0% BB Universal Bond Index, 3% T-bills
 12/01/20 – 02/28/21: 43% Russell 3000 Index, 23% MSCI ACWI ex US IMI (Net), 31.0% BB Universal Bond Index, 3% T-bills
 09/01/20 - 11/30/20: 40% Russell 3000 Index, 22% MSCI ACWI ex US IMI (Net), 35.0% BB Universal Bond Index, 3% T-bills
 Prior to 8/31/20: 38% Russell 3000 Index, 20% MSCI ACWI ex US(Net), 39.0% BB Universal Bond Index, 3% T-bills
 Prior year: 38/20/40/s

Mr. Gooderham reported that the Committee had met twice since the May Board meeting, on June 8th and 22nd. At the June 8th meeting, Mr. Gooderham reported that, in addition to the approved items below, the Committee reviewed and discussed:

- A presentation by Baillie Gifford on their Long-Term Global Growth Strategy
- IDG & Accel Secondary Opportunities
- A review of the Long-Term Return Assumption: Actuarial and GASB 67

He reported that, at that meeting, the Committee approved, under its authority:

- A share class exchange of the Vanguard Total International Stock Market Index Fund in the Volunteer Firemen’s Fund.
- A commitment of up to \$25 million to Drive IV and up to \$35 million to Overdrive II, subject to legal review of the documents.
- To recommend that the Board not change the long-term return assumption used for GASB and actuarial purposes.

At the June 22nd meeting, Mr. Gooderham reported that, in addition to the approved items below, the Committee reviewed and discussed:

- An update on T. Rowe Price Asia Opportunities
- The Annual Manager Fee Review
- The Year End Private Equity Report and Annual Statement Review
- The Annual Benchmark Review

He reported that, at the June 22nd meeting, the Committee approved, under its authority:

- A schedule change to the investment management agreement for the DoubleLine Total Return Fixed Income account.
- To adopt the following new benchmark for the Volunteer Firemen’s Fund Plan:
 - 46% - Russell 3000 Equity Index
 - 24% - MSCI ACWI ex-US IMI Equity Index
 - 28% - Bloomberg Barclays Aggregate Bond Index
 - 2% - 91-Day Treasury Bills
- The following allocation recommendations to reduce risk:
 - Redeem \$50 million from Focused Investors equity account
 - Redeem \$50 million from Kiltearn Global Equity account
 - Redeem \$50 million from Dodge and Cox International Equity

- Invest \$100 million in DoubleLine Total Return bond account
- With Mr. Stalnecker abstaining:
 - Redeem \$50 million from Blackrock Russell 1000 Value index fund
 - Invest \$100 million in BlackRock US Debt fund

The next meeting of the Committee is scheduled for Tuesday, July 13th, 2021.

MOTION made by H. Stafford and seconded by R. Geisenberger to enter into Executive Session to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending personnel matters, confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

MOTION made by H. Stafford and seconded by T. Shaw to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

9. **NEW BUSINESS**

There was no new business.

10. **ADJOURNMENT**

At 10:41 a.m., there being no further business, **MOTION** was made by T. Shaw and seconded by H. Stafford to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Joanna M. Adams
Joanna M. Adams (Oct 19, 2021 14:53 EDT)

Joanna M. Adams
Pension Administrator

Nancy J. Shevock
Nancy J. Shevock (Oct 20, 2021 04:48 EDT)

Nancy Shevock, Board Member
Board of Pension Trustees